

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-57250; File No. SR-CBOE-2008-11)

February 1, 2008

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to CBOE's Holdback Timer

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on January 29, 2008, the Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been substantially prepared by the CBOE. The Exchange filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which rendered the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

CBOE proposes to amend its rules relating to the usage of its holdback timer. The text of the proposed rule change is available at CBOE, the Commission's Public Reference Room, and <http://www.cboe.org/Legal>.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, CBOE included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposal. The text of these statements may be examined at the places specified in Item IV below. CBOE has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

On May 16, 2007, the Commission approved CBOE's proposed rule change, which implemented an additional quote mitigation strategy, namely, a holdback timer.⁵ In its filing, CBOE stated that it would utilize a holdback timer that delays quotation updates to OPRA for no longer than one (1) second, and that it would be used in option classes trading on the Hybrid Trading System and Hybrid 2.0 Platform. Subsequently, CBOE implemented a new trading platform, the Hybrid 3.0 Platform, which allows a single quoter to submit an electronic quote which represents the aggregate Market-Maker quoting interest in a series in the trading crowd.⁶

CBOE now proposes to clarify that it may utilize the holdback timer in any option classes traded on CBOE, including option classes traded on the Hybrid 3.0 Platform. CBOE believes that the holdback timer is an appropriate and useful tool in mitigating quotations, as it reduces the number of quotations that CBOE disseminates to OPRA, without negatively impacting transparency. CBOE also notes that the holdback timer has been endorsed by the Securities

⁵ See Securities Exchange Act Release 55772 (May 16, 2007), 72 FR 28732 (May 22, 2007) (SR-CBOE-2007-45).

⁶ See CBOE Rule 1.1(aaa).

